



DATE: April 14, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-08
Update on the Early Retirement Incentive Program

BRIEF DESCRIPTION OF INFORMATION ITEM

At the April 14, 2021, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the Early Retirement/Exit Incentive Program (ERIP) to all eligible Prosper Portland employees.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Offering the ERIP aligns with Prosper Portland financial sustainability goals by acknowledging declining resources and reducing staff costs by incentivizing employees to retire or exit the agency who are fully vested in the Public Employees Retirement System (PERS).

BACKGROUND AND CONTEXT

ERIP is a voluntary program for eligible employees interested in retiring or exiting Prosper Portland in 2021. All regular and limited term employees are eligible to participate in the ERIP if they have: (1) worked at least one full year with the agency by December 31, 2021; and are (2) fully vested and eligible for PERS retirement as of December 31, 2021.

Employees are required to give notice of participation in the ERIP program from April 15 to July 15, 2021, indicating their interest and date of retirement/exit between October 1 through December 31, 2021.

Pay and benefits offered through the ERIP are based on years of service with Prosper Portland as follows:

- | | |
|-------------------------------------|------------------|
| • 1 year – 9 years of employment | Payout: \$33,000 |
| • 10 years – 14 years of employment | Payout: \$41,000 |
| • 15 years or more of employment | Payout: \$50,000 |

All years of service categories, as indicated above, include 12 months of medical and dental premiums covered under COBRA or the agency's retiree healthcare plan. See Attachment A for additional details on the ERIP.

EQUITY IMPACT

All employees (i.e., represented, non-represented, management, regular, and limited term) are eligible to participate in the ERIP if eligible for PERS retirement as of December 31, 2021.

ATTACHMENTS

- A. ERIP Outline

Voluntary Early Retirement/Exit Incentive Program 2021 (“ERIP” or “Program”) PROGRAM OUTLINE

Purpose	To address declining resources and the need to reduce staffing costs in the short and long term by creating an incentive program for fully vested PERS retirement-eligible employees to voluntarily resign or retire from employment with Prosper Portland. NOTE THIS PROGRAM IS PURELY VOLUNTARY FOR ELIGIBLE EMPLOYEES
Program Administration	Human Resources Department
Employee Eligibility	All Regular or Limited Term employees who: (1) have worked at Prosper Portland for and least one full year as of December 31, 2021; and (2) are fully vested in and eligible for regular or early retirement under PERS as of December 31, 2021.
PERS Early/Regular Retirement Eligibility	<p>PERS members are eligible for PERS early retirement if they are at least 55 years old by December 31, 2021; PERS members are eligible for PERS regular retirement based on their age and/or their years of employment with a PERS-participating governmental employer. A PERS member is fully vested in PERS when they have completed at least 600 hours of service in each of five calendar years with a PERS-participating governmental employer.</p> <p>See attached PERS Benefit Component Comparisons Documents: https://www.oregon.gov/pers/MEM/Pages/Benefit-Component-Comparisons.aspx and https://www.oregon.gov/pers/MEM/Pages/Eligibility-to-Retire-OPSRP.aspx .</p> <p>For detailed information about PERS retirement eligibility and applicability to an employee’s particular situation, employees are encouraged to contact PERS directly as follows:</p> <ul style="list-style-type: none"> • PERS Member Services (M-Friday; 8:30 am – 5 pm): <ul style="list-style-type: none"> ○ 888-320-7377 ○ PERS.Member.Services@state.or.us ○ Also refer to the attached SB-1049 Work After Retirement Tool <p><i>NOTE: Employees who participate in Prosper Portland’s ERIP Program are not required to choose to retire for PERS purposes at the same time they elect to end employment with Prosper Portland.</i></p>
Employee’s Responsibility	<p>Eligible employees who voluntarily elect to participate in the ERIP program must complete and submit the ERIP Retirement/ Exit Election Form and related documents to Selena Carroll in Human Resources between April 15th through July 15th, 2021; the retiring/exiting employee will be required to sign a Separation and Release Agreement on the last day of employment in order to receive the ERIP Payments and Benefits described below.</p> <p>It is the responsibility of the participating employee to determine how their participation in the ERIP program may affect their personal PERS retirement.</p>
Policy Guidelines	<ul style="list-style-type: none"> • Eligible employees who choose to participate in the voluntary Early Retirement/Exit Incentive Program (“Program”) cannot return to Prosper Portland employment unless an exception is authorized by the Executive Director. • Employees must retire/exit under the Program between October 1st and December 31st, 2021, unless otherwise arranged by the employee, manager, and Human Resources. • Once an employee signs and submits the ERIP Retirement/Exit Election Notice Form and related documents to Human Resources, the election is non-revocable regardless of when or whether the Separation and Release Agreement is signed.

	<ul style="list-style-type: none"> The Incentive Pay (described below) will be paid upon the effective date of the Separation and Release Agreement, which is typically several weeks after signing the agreement on the last day of employment. Employees who participate in this Program are voluntarily retiring or exiting, and therefore, have no layoff or recall rights. 								
ERIP INCENTIVE PAY AND BENEFITS	<p>(a) INCENTIVE PAY</p> <p>Eligible employees who elect to participate in the ERIP will receive Incentive Pay based on full years of service with Prosper Portland (as of December 31, 2021) as follows:</p> <table border="1"> <thead> <tr> <th>Years of Service</th><th>Incentive Amount*</th></tr> </thead> <tbody> <tr> <td>15 years or more</td><td>\$50,000</td></tr> <tr> <td>10 – 14 years</td><td>\$41,000</td></tr> <tr> <td>1 – 9 years</td><td>\$33,000</td></tr> </tbody> </table> <p>* Incentive Pay amount is based on 1.0 FTE status. Employees who work less than 1.0 FTE status will receive a prorated incentive amount.</p> <p>** Incentive Pay will be paid on the effective date of the Separation Agreement and Release, typically several weeks after signing the Separation and Release Agreement on the last day of employment.</p> <p>(b) CONTINUATION OF HEALTH COVERAGE</p> <p>In addition to the base Incentive Pay, Prosper Portland will pay the former employee's (and their currently-covered eligible dependent(s)) medical and dental premiums, at the same level of coverage the employee has on the retirement date, under COBRA or Prosper Portland's retiree health insurance, for up to twelve (12) months after termination of employment, or the date the employee or their eligible dependent(s) otherwise lose eligibility, whichever comes first. The eligible dependents must be on the employee's coverage at the time an employee submits their ERIP election forms.</p>	Years of Service	Incentive Amount*	15 years or more	\$50,000	10 – 14 years	\$41,000	1 – 9 years	\$33,000
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HR Responsibility	<ol style="list-style-type: none"> 1. Coordinate the Program. 2. Communicate the Program to Department Directors, managers, eligible staff, and all staff. 3. Provide information/materials necessary to implement the Program. 								
Department Responsibility	<p>Manager should direct questions about the Program to Human Resources.</p>								

Exhibits:

PERS SB-1049 Work-After-Retirement pdf;

PERS Benefit Component Comparisons: <https://www.oregon.gov/pers/MEM/Pages/Benefit-Component-Comparisons.aspx>;

Eligibility to Retire: <https://www.oregon.gov/pers/MEM/Pages/Eligibility-to-Retire-OPSRP.aspx>